

Michigan House of Representatives House Standing Committee on Transportation

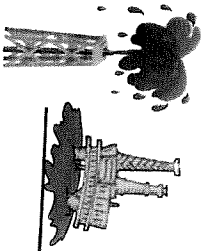
Presentation on Motor Fuel Prices by Mark Griffin, Michigan Petroleum Association

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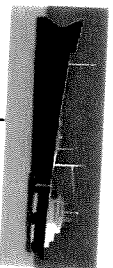


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MOTOR FUEL DISTRIBUTION (Simplified Flow Chart)



Domestic Refinery



Domestic (or Imported) Motor Fuel
Via Cargo Tankers

Refiner/Major
or Independent
Terminal Supplier

Direct from Terminal

Direct/Salaried Station or
Conv. Store Owned/
Operated by Major (or
Affiliate/Subsidiary)

Direct from Terminal

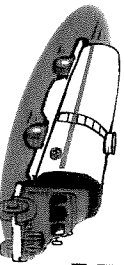
Dealer Lessee-
Station/Store Owned
by Major Co. Supplier

Independent Dealer-
Station/Store Owned by
Operator or 3rd Party

Large Consumers-
Fleetowners, Commercial
Firms, Industries, Etc.

Direct from Terminal

Small Retail Outlets-
Owned by Operator
or 3rd Party



Small Consumers-
Businesses,
Farms, Etc.

Bulk Plant

Bypasses Bulk Plant

Large Consumers-
Fleetowners, Commercial
Firms, Industries, Etc.

Jobber/Distributor
or Chain Marketer



Bypasses Bulk Plant

Direct/Salaried-Station or Conv.
Store Owned & Operated by
Marketer/Jobber

Consignment Dealer-Station/Store
Owned by Operator; Equip. &
Product owned by Marketer

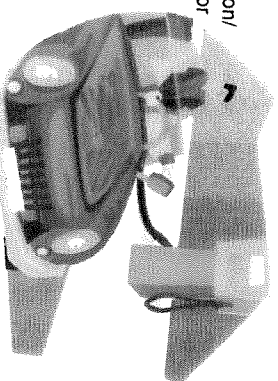
Dealer Lessee - Station/Store
Owned By Marketer/Jobber

Independent Dealer - Station/
Store Owned by Operator or
3rd Party

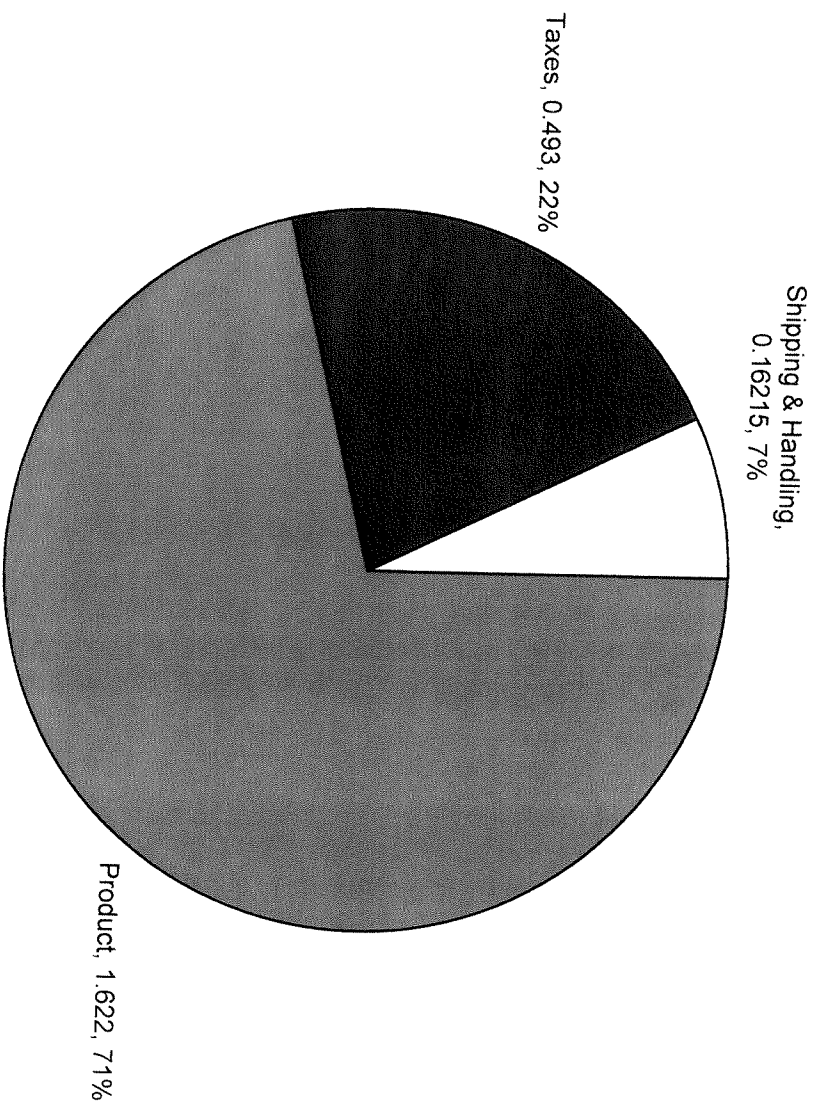
- Notes:**
1. A, B, C, & D, May be served by the same Major Oil Company
 2. A few Marketers only operate a chain of retail outlets. (K)



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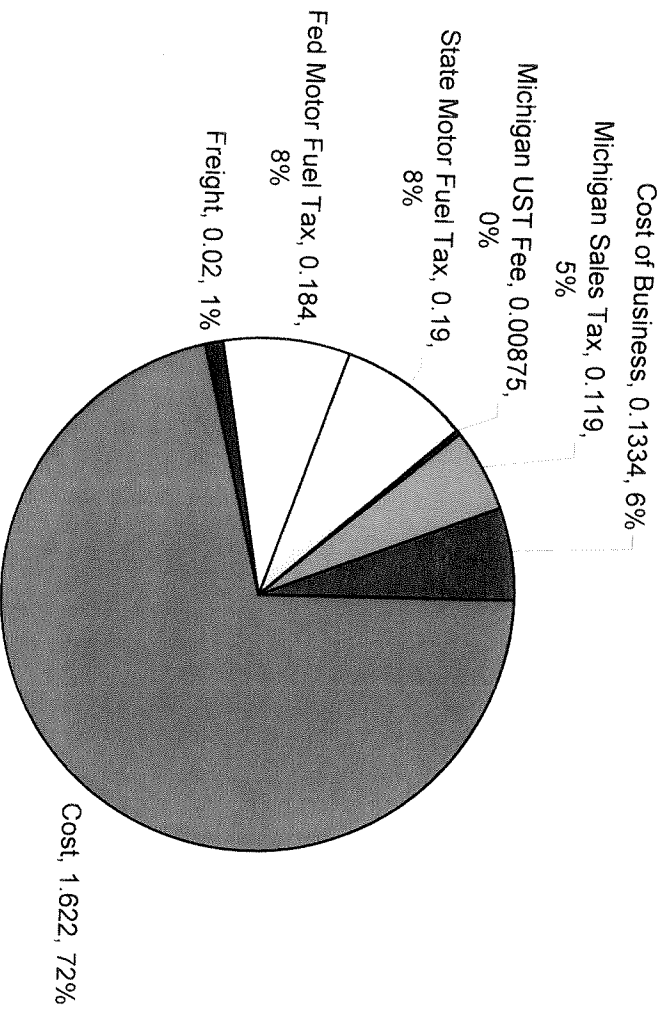


Cost Components of a Gallon



- Product
- Taxes
- Shipping & Handling

Cost Components of a Gallon



- Cost
- Freight
- Fed Motor Fuel Tax
- State Motor Fuel Tax
- Michigan UST Fee
- Michigan Sales Tax
- Cost of Business

Average Cost of Gasoline Compared to Retail Price

22-Apr-05	Date	
1.622	Cost	
0.02	Freight	
0.184	Fed Motor Fuel Tax	
0.19	State Motor Fuel Tax	
0.00875	Michigan UST Fee	
2.02475	Subtotal	
0.119378	Michigan Sales Tax	
\$2.144	Subtotal	
0.1334	Cost of Business	
\$2.278	Total Cost of Product	
\$2.299	Retail	
\$0.021	Margin (+/-)	

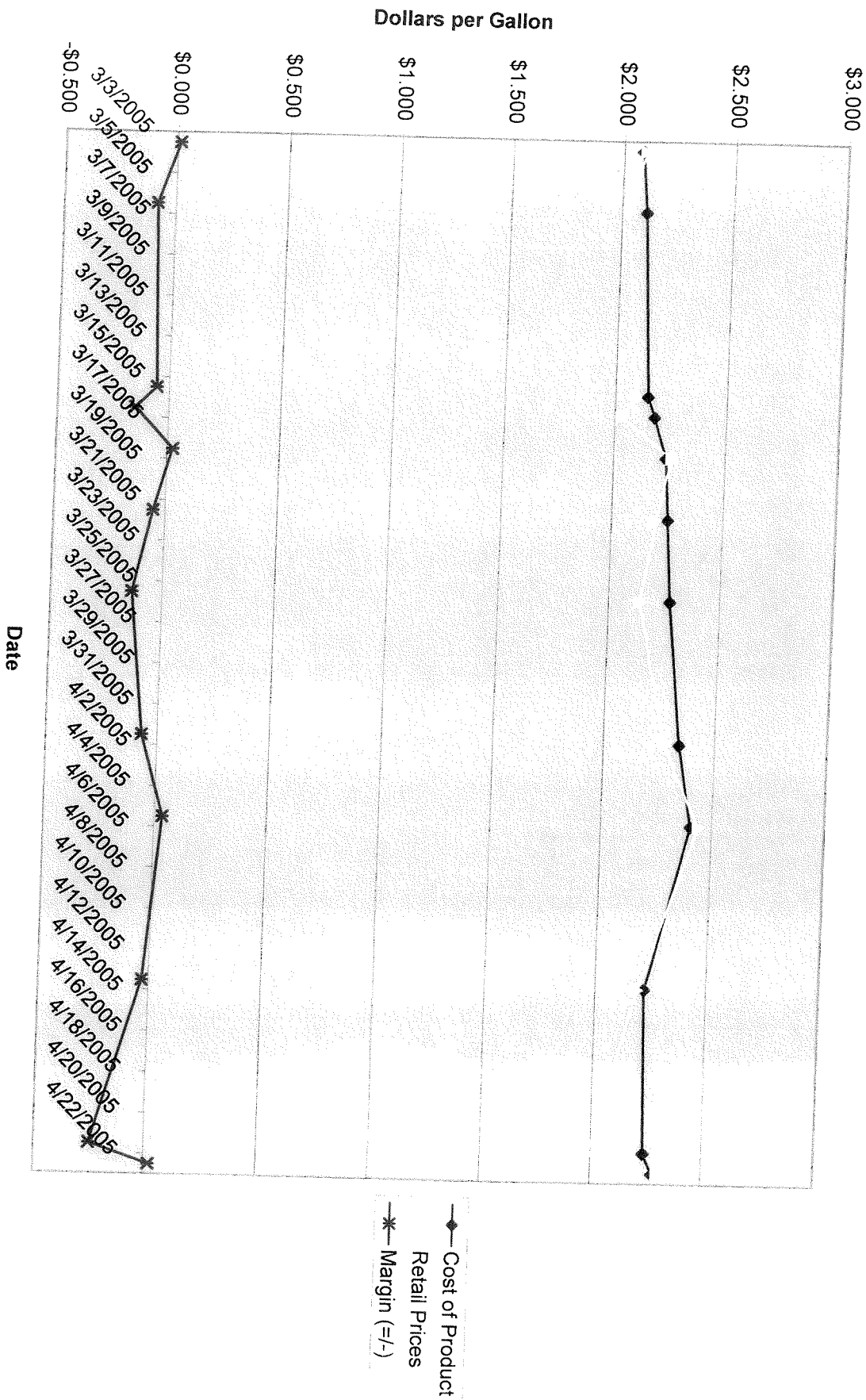
Average Cost of Gasoline Compared to Retail Price

21-Apr-05	Date	
Lansing		
1.599	Cost	
0.02	Freight	
0.184	Fed Motor Fuel Tax	
0.19	State Motor Fuel Tax	
0.00875	Michigan UST Fee	
2.00175	Subtotal	
0.101831	Michigan Sales Tax	
\$2.104	Subtotal	
0.1334	Cost of Business	
\$2.237	Total Cost of Product	
\$1.989	Retail	
-\$0.248	Margin (+/-)	

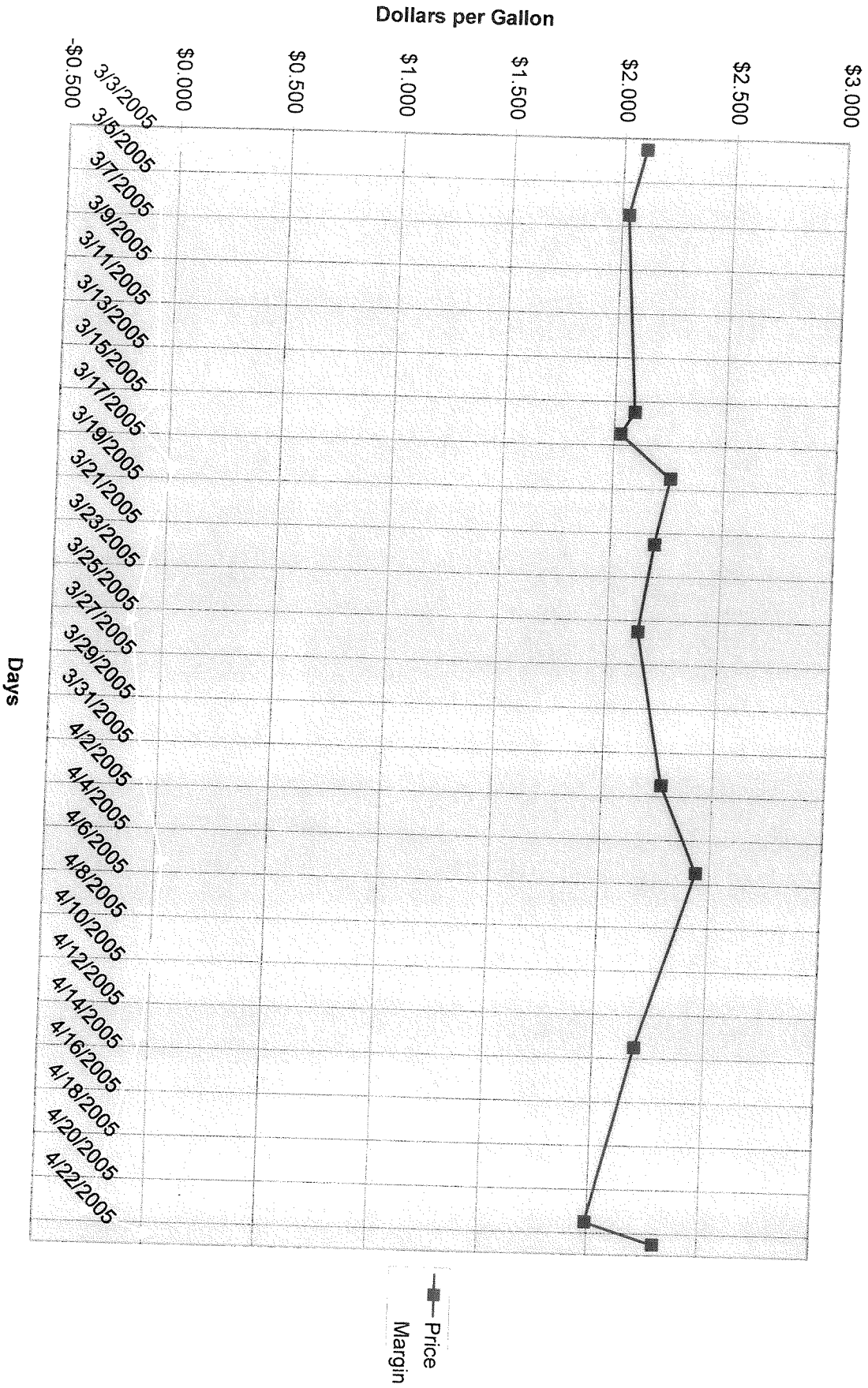
Average Cost of Gasoline Compared to Retail Price

3-Mar-05	6-Mar-05	15-Mar-05	16-Mar-05	18-Mar-05	21-Mar-05	25-Mar-05	1-Apr-05	5-Apr-05	13-Apr-05	21-Apr-05	22-Apr-05	Date
1.441	1.469	1.501	1.537	1.582	1.602	1.628	1.685	1.74	1.571	1.599	1.622	Cost
0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	Freight
0.184	0.184	0.184	0.184	0.184	0.184	0.184	0.184	0.184	0.184	0.184	0.184	Fed Motor Fuel Tax
0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	State Motor Fuel Tax
0.00875	0.00875	0.00875	0.00875	0.00875	0.00875	0.00875	0.00875	0.00875	0.00875	0.00875	0.00875	Michigan UST Fee
1.84375	1.87175	1.90375	1.93975	1.98475	2.00475	2.03075	2.08775	2.14275	1.97375	2.00175	2.02475	Subtotal
0.108057	0.104095	0.107491	0.104095	0.117114	0.1137174	0.110321	0.11768	0.12730237	0.113151	0.101831	0.1193778	Michigan Sales Tax
\$1.952	\$1.976	\$2.011	\$2.044	\$2.102	\$2.118	\$2.141	\$2.205	\$2.270	\$2.087	\$2.104	\$2.144	Subtotal
0.1334	0.1334	0.1334	0.1334	0.1334	0.1334	0.1334	0.1334	0.1334	0.1334	0.1334	0.1334	Cost of Business
\$2.085	\$2.109	\$2.145	\$2.177	\$2.235	\$2.252	\$2.274	\$2.339	\$2.403	\$2.220	\$2.237	\$2.278	Total Cost of Product
\$2.099	\$2.029	\$2.089	\$2.029	\$2.259	\$2.199	\$2.139	\$2.269	\$2.439	\$2.189	\$1.989	\$2.299	Retail
\$0.014	-\$0.080	-\$0.056	-\$0.148	\$0.024	-\$0.053	-\$0.135	-\$0.070	\$0.036	-\$0.031	-\$0.248	\$0.021	Margin (+/-)

Gasoline Costs Vs. Prices Vs. Margin - March 3 to April 22, 2005



Price Vs. Margin Select Days March 2005 to April 2005



Average Margins March 3, 2005 to April 22, 2005

